

EXHIBIT R

Page 1

1

2

3

4

5

6

7

8

9

10 PARTIAL VIDEO TRANSCRIPTION

11 VIRGINIA SENATE COMMITTEE HEARING

12 SENATE AGRICULTURE, CONSERVATION AND NATURAL

13 FEBRUARY 3, 2022

14 1:21:27-1:35:45

15

16

17

18

19

20

21

22

23

24

25

Page 2

1 MS. WILBOURN: Sorry. Carmen Wilbourn, and I'm
2 the Vice President of North American Operations in Envigo.
3 Envigo is the second largest breeder of animals in
4 research and the second largest breeder of canines for
5 research.

6 I've been in the industry for over 35 years, with
7 15 years responsible for the oversight and ensuring the
8 proper and lawful operations of animal facilities across
9 the globe.

10 Dogs have been crucial to the research and
11 drugs -- the research and drugs to treat diseases such as,
12 cancer, diabetes, asthma, arthritis, COPD and dementia, to
13 name a few.

14 Canine research also contributes to veterinary
15 for dogs including, the treatment of heartworm, distemper,
16 and parvo virus. Our dogs are also provided to veterinary
17 schools for our future veterinarians.

18 I'm responsible for ensuring -- I'm now
19 responsible for ensuring the proper and lawful operations
20 of our facilities in North America including, the canine
21 facility in Cumberland.

22 We, at Envigo and I, personally, take that
23 responsibility seriously and maintain a commitment of the
24 highest animal welfare standards.

25 We have the utmost respect for the USDA and their

Page 3

1 commitment to enforce animal welfare regulations;
2 therefore, we were deeply disappointed in the results of
3 our USDA inspection for Cumberland in July and October of
4 this year.

5 And as you may recall, this facility received an
6 unfavorable inspection in 2017 prior to Envigo's
7 ownership. At that time the issues outlined were
8 corrected, and the site received subsequent, clean
9 inspections with no noncompliant items identified in 2018
10 and 2019.

11 As was done previously, we are working hard to
12 fix the current issues and have already taken many steps
13 towards doing so, which I will outline shortly.

14 But first, allow me to explain how we got to this
15 point. When the COVID-19 pandemic began in early 2020,
16 many of our clients who buy dogs from the Cumberland
17 facility suspended or reduced their operations. As a
18 result, fewer dogs were purchased, and the number of dogs
19 onsite greatly increased.

20 We faced a stark choice. Either euthanize the
21 older animals, as USDA regulations permits us to do so, or
22 continue to care for the dogs until we could find a home,
23 or a use for them outside our facility, and we chose the
24 latter.

25 Like most all businesses, COVID has also resulted

Page 4

1 in a reduced number of employees onsite through attrition,
2 illness, and people just unable to come to work on site.

3 COVID travel restrictions initially limited our
4 ability to bring technicians to Cumberland from other
5 sites. That combination of more dogs and fewer workers
6 led to some temporary lapses and challenges in the quality
7 of animal care that we've always offered and are committed
8 to offering. We believe that's what led to the
9 disappointing recent inspections.

10 We recognized the potentially negative effects of
11 COVID in our operations rather quickly and started to take
12 steps to design and to address those issues. We did stop
13 breeding. We first reduced and then stop breeding, as our
14 clients continued to limit or reduce the number of orders.

15 Immediately after the July 2021 inspection
16 report, we took additional steps to address the specific
17 problems identified in that report. We continue to focus
18 all efforts and are meeting the challenges COVID-19 has
19 caused us. And although we acted swiftly, many of the
20 corrective actions take some time and several months to
21 implement and see the results.

22 That's why the second inspection report that was
23 released last Friday from an inspection in October 2021,
24 just three months after the first in July, still
25 identified problems that had not been fully-addressed, but

1 showed improvement.

2 In order to (inaudible) the imbalance between the
3 number of dogs and the number of employees, we've taken
4 proactive steps to increase the number of employees and
5 decrease the number of dogs on site.

6 On the recruiting and the retention initiatives,
7 starting salaries increased to \$16 an hour. For our
8 current employees, those salaries increased by at least
9 \$2.50 an hour.

10 We've added a \$5,000 sign-on bonus for all open
11 positions in Cumberland. We have employee referral
12 bonuses. We had an open interview day yesterday where we
13 had 15 individuals confirmed. We added a dedicated
14 recruiter for Cumberland. We put -- we bought a
15 quarter-page ad in the Farmville Herald that ran on the
16 26th of January.

17 Higher Purpose has been instituted with a
18 spotlight on Cumberland, Spotify advertises Cumberland
19 positions, paid sponsorship on Indeed and posted positions
20 directly to Virginia Tech and University of Virginia
21 extension, and has been extended to other local
22 universities through Handshake.

23 Until we're able to hire enough people, we've
24 been bringing workers from other Envigo sites to Virginia.
25 Additionally, senior management including, me, has been

Page 6

1 onsite frequently to work alongside local management to
2 address the challenges as rapidly as possible.

3 I would like to add that the number of employees
4 that are quoted are full-time employees. We also use At
5 Work's Temp agency and added the number of temporary
6 employees that are onsite working on (inaudible) in the
7 kennels.

8 SENATOR MARSTON: What is your -- at the time of
9 the inspection what was your employment level?

10 MS. WILBOURN: So --

11 SENATOR MARSTON: Of the July inspection, what
12 was your employment level? If it -- if all positions had
13 been filled, how many people did you have?

14 MS. WILBOURN: So if all positions would be
15 filled, we would have 50 people at the Cumberland
16 facility.

17 SENATOR MARSTON: Thank you.

18 MS. WILBOURN: You're welcome.

19 We've also taken many steps to 9 reduce the number
20 of dogs. Adoptions through several agencies, another 150
21 dogs are in the process of being adopted in the coming
22 days.

23 SENATOR FAVOLA: Excuse me for interrupting.

24 MS. WILBOURN: Sure.

25 SENATOR FAVOLA: I do have a question.

1 SENATOR MARSTON: Senator Favola.

2 SENATOR FAVOLA: (Inaudible). Is there --

3 SENATOR MARSTON: Microphone.

4 SENATOR FAVOLA: -- is there a standard, a
5 staffing standard, and has Envigo been meeting that
6 standard?

7 MS. WILBOURN: So we did time studies on how much
8 time it takes to clean and care for the animals, and we
9 use that as a metric, if you will, for the number of staff
10 that are needed for the inventory onsite, and that's where
11 we come to our staffing levels.

12 And so when we're below our required staffing
13 levels, that's where we're bringing people from other
14 Envigo sites, using temporary agencies, and to support the
15 local team.

16 SENATOR MARSTON: Senator Hackworth.

17 SENATOR FAVOLA: Senator Hackworth, yes.

18 (Inaudible).

19 Are you chairing this or am I?

20 SENATOR MARSTON: So this is your year. I give
21 it over to you.

22 SENATOR HACKWORTH: What is the --

23 SENATOR MARSTON: I'm sorry.

24 SENATOR HACKWORTH: So what is the amount of dogs
25 that you typically will have in this -- I know you said

1 that they grew because a lot of your clients did not
2 purchase dogs. They canceled contracts or suspended them.
3 So what would this facility -- typically, how many beagles
4 would this facility typically have?

5 MS. WILBOURN: So in our nonbreeding stock, we
6 had an additional -- over 1,600 animals, and so we would
7 run closer to about 32, 3,300 animals.

8 SENATOR HACKWORTH: 30 -- okay. And so you're
9 saying that at the most employees that you've had there
10 has been 50 employees; is that correct?

11 MS. WILBOURN: Yes.

12 SENATOR HACKWORTH: Okay. And so that ratio, I
13 guess, is that standard for Envigo to have that many
14 employees for that amount of beagles, and all your other
15 operations as well?

16 MS. WILBOURN: So at all our other operations,
17 it's a different metric, based on the species that we're
18 working with. But again, we do (inaudible) what time
19 metric studies are to see what the job takes and how many
20 employees are needed to fulfill all of our legal
21 responsibilities for the welfare of the animals.

22 SENATOR FAVOLA: I'm going to ask you to take
23 just a few more minutes to --

24 MS. WILBOURN: Sure.

25 SENATOR FAVOLA: -- give your presentation.

Page 9

1 We're happy to take your written document as well.

2 MS. WILBOURN: Okay.

3 SENATOR FAVOLA: But I think there may be some
4 speakers here that want to come forward.

5 MS. WILBOURN: Okay. Really, all the steps that
6 we've been -- that we are taking to reduce the numbers are
7 aimed at avoiding euthanizing our animals and finding them
8 a safe and loving home, as we mentioned with Senator
9 Stanley's bill.

10 We have reduced our nonbreed stock from around
11 1,650. That was the --

12 SENATOR MARSTON: Uh-huh.

13 MS. WILBOURN: -- excess inventory to less than
14 700 now, and with the additional 150, will be in the low
15 500s. And we continue to work with Sue Bell at Homeward
16 Trails and other organizations to continue to adopt.

17 We've also taken numerous measures to address the
18 specific animal welfare issues identified in the
19 inspection reports. We've completed over 2,700 veterinary
20 exams. We've completed almost 2,000 dental exams. It's
21 really been an all-hands-on-deck exercise, both me, our
22 global head of veterinary medicine, contracts
23 veterinarians and contract veterinary technicians have
24 been onsite for weeks completing all of the exams.

25 Procedures to better track animals in need of

Page 10

1 veterinary support have been implemented, employees
2 retrained, software systems upgraded, increased cleaning
3 efforts. The physical plant has been upgraded by
4 improving flooring in cages, whelping, cleaning and
5 spraying rusty panels and gates.

6 So you can see some of the housing that our
7 animals are in. So you can see when the USDA comments
8 about gaps in flooring, you can see the boarding that is
9 used as a short-term mitigation effort. You can see the
10 stainless steel panels. We are changing all of our
11 galvanized chain link to stainless steel and are ready to
12 place an order mid February to finish the side.

13 You can see the whelping cages, and all of our
14 animals are in run-style housing with the grid flooring,
15 so urine and fecal material go through the grids. So we
16 do a rough hose every day and then we do a full
17 sanitization with hydrogen peroxide cleansers, and
18 disinfect on a regular basis as well.

19 You can also see some of the investments that
20 we've made with our play yards, and then one of the
21 pictures of some of the dogs that we rehomed at an event
22 that they were being shown at, and I'd just like to show
23 the great condition of the dogs.

24 Over the past few years, Envigo has invested more
25 than \$3 million to improve the Cumberland facility

Page 11

1 including canine housing, heaters, play yards and various
2 lab equipment and an X-ray lab. This year, we've been
3 given \$5 million to invest in the facility.

4 We are committed to transparency, as we work to
5 improve the facility in Cumberland. And we are honored to
6 have Senators Stanley and Marston visit the facility. The
7 State Veterinary has been out to see how we care for the
8 dogs, and we would be happy to arrange a tour for any
9 lawmaker who wishes to come.

10 We welcome expanded State oversight and have
11 expressed to Senator Marston our support of having an
12 oversight officer, who works for the State Veterinary who
13 will have full, unfettered access to our site in order to
14 reassure the people of Virginia that Envigo is committed
15 to the highest standards of animal welfare.

16 But we firmly believe that legislation designed
17 to limit the clients we can sell to or force us to
18 disclose commercially, sensitive, proprietary information
19 is not the right way to ensure the proper welfare of
20 animals. Legislation that is indirectly designed to put
21 the Cumberland Virginia facility out of business benefits
22 no one.

23 It loses high-paying jobs for Virginians, removes
24 economic engine and tax base that Envigo provides to
25 Cumberland County and the Commonwealth, and puts Virginia

Page 12

1 at a disadvantage to other states that create a friendlier
2 environment for critical medical research.

3 Furthermore, as has been stated, it raises the
4 possibility that more dogs will be bred in other states
5 and even other countries in conditions that do not meet
6 the welfare requirements of Virginia. And it is, after
7 all, our common goal to improve the welfare of all the
8 dogs used in important medical research.

9 Some animal activists will also question the need
10 for the use of animals in medical research, and we
11 understand and accept that. We are receptive and
12 respectful, but the reality is that we provide a service
13 that's critical to the development of therapies and
14 medicine that both improve and human and animal health.

15 The Envigo employees who work in Cumberland do so
16 because they love animals. Many of those employees have
17 been with us for 20 years or more, and they are deeply
18 committed to do the right thing, and Envigo is deeply
19 committed to giving them the resources to do so.

20 The temporary lapse in providing the level of
21 care we are used to providing caused by COVID, and our
22 desire not to euthanize hundreds of dogs is just that;
23 temporary. We're doing everything we can to make sure
24 that the animals in our charge are well cared for. It's
25 the right thing to do from a moral perspective and a

Page 13

1 business perspective, and we are committed to making that
2 happen.

3 Thank you for your time today.

4 SENATOR FAVOLA: Thank you. And you're welcome
5 to leave that testimony with us.

6 Are there other speakers who, at this moment,
7 would be supportive of Envigo? Please come forward.

8 (The testimony concluded at 1:35:45 PM.)

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Page 14

1 In Re:
2 Virginia Senate Committee Hearing, February 3, 2022

C E R T I F I C A T E

I, Michele Nelson, New Mexico Certified Stenotranscriptionist, DO HEREBY CERTIFY that the above captioned transcription was prepared by me; that the RECORDING was reduced to typewritten transcript by me; that I listened to the entire RECORDING; that the foregoing transcript is a complete record of all material included thereon, and that the foregoing pages are a true and correct transcription of the recorded proceedings, to the best of my knowledge and hearing ability. The recording was of GOOD quality.

I FURTHER CERTIFY that I am neither employed by nor related to nor contracted with (unless excepted by the rules) any of the parties or attorneys in this matter, and that I have no interest whatsoever in the final disposition of this matter.

Mellon

Michele Nelson,
Certified Stenotranscriptionist